

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MODIFICATIONS TO WESTERN KENTUCKY )	
GAS COMPANY, A DIVISION OF ATMOS )	
ENERGY CORPORATION (WKG) GAS COST )	CASE NO. 97-513
ADJUSTMENT TO INCORPORATE AN )	
EXPERIMENTAL PERFORMANCE-BASED )	
RATEMAKING MECHANISM (PBR) )	

O R D E R

IT IS ORDERED that Western Kentucky Gas Company ("WKG") shall file the original and 10 copies of the following information with the Commission, with a copy to all copies of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be indexed appropriately, for example, Item 1(a), page 2 of 4. With each response, include the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. The response to this request is due March 13, 1998.

1. Refer to the response to Item 2 of the Commission's Order dated February 13, 1998. Is Western proposing the offset method or the base rate method?
2. Refer to the response to Item 5 of the Commission's Order dated February 13, 1998. If WKG currently has discounted transportation rates, why should it be rewarded through an incentive program for actions taken before the program was proposed? Would it be more appropriate to use the discounted rates as the benchmark?

3. Refer to the response to Item 9 of the Commission's Order dated February 13, 1998. Is Texas Gas Transmission Corporation's reservation fee expected to remain at the most recent level or lower during the experimental period? If so, will the inclusion of \$743,560 in the HRF benchmark calculation unduly skew the benchmark to show savings?

4. If WKG does not currently make purchases in excess of daily firm contract quantities, and it changes its gas purchasing strategy to subscribe to a service wherein purchases are made at the city gate only on the days when it is needed, why would it not be more appropriate to benchmark the city gate purchases against the equivalent of current pipeline arrangements to determine the extent to which WKG should be rewarded for better purchasing practices?

5. Why was the NYMEX excluded from the indices used in United Cities Gas Company's ("United Cities") mechanism filed with the Kansas Corporation Commission?

6. Why did WKG fail to propose a "reasonableness zone" comparable to the ones proposed by United Cities? What are the relative advantages and disadvantages to using such a reasonableness zone, or deadband?

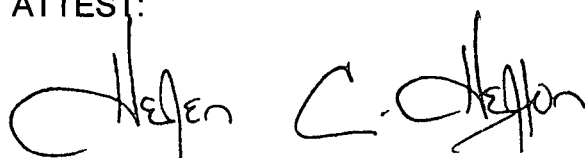
7. Refer to the response to Item 15 of the Attorney General's data request of February 13, 1998. Has WKG developed a code of conduct for affiliate transactions?

Done at Frankfort, Kentucky, this 6th day of March, 1998.

PUBLIC SERVICE COMMISSION

  
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For the Commission

ATTEST:

  
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Executive Director